TIMOTHY L. FORT and FRANCES E. ZOLLERS

TEACHING BUSINESS ETHICS: THEORY AND PRACTICE

ABSTRACT. Business ethics teaching can be improved when ethicists integrate the ethical theories they apply to business with the organizational design of the course. By utilizing three techniques – implementing a Total Quality Management-style survey and review, "nominating" and "electing" class virtues, and telling personal stories of moral action – classes can be organized to operate by the social contract, rights, stakeholder, and virtue theories that dominate business ethics literature. Classes then become laboratories for the practical articulation and application of the theories as well as providing "real" examples of the theories in action. This methodology produces benefits for the particular class and for the development and refinement of the theories themselves.

This paper describes each of the three pedagogical techniques; and then explicitly relates them to these leading business ethics theories to demonstrate how the integration can lead to a "community" seeking and discovering moral truth in the classroom.

1. INTRODUCTION

Teaching ethics is different from teaching other courses in a business school.[1] Most business school courses are highly scientific and quantitative. In these courses, the focus often is on data and the result is seemingly quite concrete and measurable. Law classes provide room for different, sometimes conflicting, "right" answers, yet still possess a degree of authoritative certainty to them. Ethics courses, however, can be unwieldy.

One who teaches ethics courses quickly confronts a question, raised by more than a few students, asking what the course will be about. Students who have had few non-quantitative courses will be particularly uneasy. These fears are heightened by the fact that students view "values" as highly personal and therefore not subject to debate, examination, or preachment.

There is an additional complication. Being highly competitive, business students often try to "win" when they do engage in debate and problem-solving. They seek to advance the stronger argument, the more convincing case, that is, the right answer. When one brings such a competitive attitude into a supple subject matter that students consider to be highly personal, the stage is set for a contentious class. Such contentiousness over issues that go to the heart of what students find valuable in life surely will produce

lively debate, but that debate may neither be enlightening nor conducive to an atmosphere that hopes to encourage long-term discussion of difficult materials. Such an attitude also may teach students to avoid raising moral questions in business thereafter having had the experience of ethics being uncomfortably theoretical and conflictual.

Even an ethics course that requires mastery of a good deal of normative theory is likely to depend upon a high degree of class participation. There thus develops a paradox of, on the one hand, encouraging students to be involved actively in discussions and, on the other hand, avoiding merely superficial sharing of "warm" feelings that avoids critical analysis and dialogue. How does a professor strike a balance whereby students are passionately engaged, yet critically analytical, while exploring unfamiliar and challenging material?[2]

This article suggests three techniques that can be used in any course, but which are particularly applicable to business ethics courses. The techniques incorporate a Total Quality Management ("TQM") dimension in the class to determine what factors are important to the student/stakeholder, to elicit "nominations" and then "elect" those virtues that the particular class would like their organizations to practice, and to tell "moral" stories about what actions in business have inspired them.

Each technique tries to build a sense of community and trust in the classroom. Further, each seeks to engage students rapidly in dialogue and to demonstrate the importance of theoretical material. Moreover, each attempts to teach ethical theory by using techniques that build community. More importantly, however, the techniques are embedded in an approach that seeks to demonstrate the ideas and applicability of leading theories of business ethics. In short, the techniques implement theories of business ethics so the class gets a real-life sense of what the theories mean, and the theories integrate the techniques so as to give them a strategic direction and practical application.

The relevant theories are Integrative Social Contracts Theory ("ISCT") and Virtue Theory. ISCT is further broken down into elements of Stakeholder Theory and Basic Rights Theory.

TWO THEORIES & THREE TECHNIQUES TO BUILD COMMUNITY

In his 1994 article, *Why Be Moral?: A Different Rationale for Managers*, LaRue Tone Hosmer argues that one might want to be ethical because it builds trust. If employees, for instance, do not feel that they have been treated fairly, they will not be inspired to trust within the organization

and there will be a corresponding loss of efficiency.[3] Thus, trust has an economic payoff, Hosmer argues. Not only are there "moral" reasons for being ethical, but there is a competitive advantage to it.

A moral reason to treat students in a Kantian fashion, for instance, is for Kantian purposes. That is, one treats students as "ends", not as means to an end, because that is how one would like to be treated. In addition to that laudable rationale, one might treat students fairly in order to build trust, which has the academic payoff of fostering constructive classroom interaction. Trust also can help overcome students' fears of exposing their beliefs and values to critical analysis. If one treats students ethically, do the theories business ethicists propound for the benefit of corporations apply to our organizations, particularly our classrooms?

This approach significantly furthers the typical admonition to "practice what we preach." The premise raised in this article is not simply that we ought to treat students as fairly as we want students to treat constituents when they become managers; rather, it also examines whether the particular theories of business ethics offer particular guidance about how organizations should be operated and whether classrooms can provide an experience whereby the theories themselves are clarified. Thus, there is a serious pedagogical goal in the application of the theories to the classroom itself.

Each of the following techniques is designed to produce an atmosphere in which students can trust one another and the professor in conducting dialogue. The techniques go further, however, because they also demonstrate leading theories in business ethics today. They accordingly provide an experimental laboratory for students to understand the theories and see how they work in an organizational setting.

A. *The First Theory: The Social Contract*

1. *The Basis of the Theory*

One of the prominent business ethics theories today is that of social contract. Pioneered by scholars such as Thomas Donaldson,[4] Thomas Dunfee,[5] and Michael Keeley,[6] the theory argues that in developing ethical business behavior, one ought to engage in a hypothetical thought-experiment in which one asks what kinds of rules and conditions one would find just if one did not know one's position in advance. This notion, grounded in the works of scholars such as Thomas Hobbes and John Locke, and more recently John Rawls,[7] has been adapted by contemporary business ethicists so that individuals within communities (including the corporate community) are given notice of the rules by which the community will operate.[8] Individual communities have "moral free space" to

decide what norms are appropriate for them. Provided that members of the community have the ability to consent, manifested by a right to exit, rules are deemed just so long as they do not violate any cross-cultural "hypernorms."[9]

In many respects, Integrative Social Contracts Theory ("ISCT") can be thought of as a refined application of stakeholder analysis. In stakeholder analysis, also a theory used in business ethics classes and one that has been used in conjunction with the other theories that are the subject of this article,[10] management must take into account the impact of a corporate action on all those who are affected by it. Such stakeholders, or constituents, ought to have a say in those things that affect them. In ISCT, the first level of analysis (the "authenticity" test) is similar to stakeholder analysis in that it requires members of a community to consent, an ability specifically manifested by the right of exit.[11]

Donaldson and Dunfee recognize that, because of cultural differences, individual communities ought to be given "moral free space" to determine what set of contractual values ought to exist. Even there, however, one does not simply let relativism run amok; one can also evaluate whether or not the norms of the community are "authentic." That is, a rule is just if a supermajority of stakeholders affected by it consents to the rule. If so, the principle is "authentic."

Donaldson and Dunfee also propose a second step that questions whether the norms are legitimate.[12] Here, one asks if the norms of the community violate any cross-cultural "hypernorms." Donaldson and Dunfee do not explicitly identify what those are, but they point to a growing body of research that indicates that many cultures have similar beliefs of what is moral and what is not.[13] If a community decision to allow a corporate behavior is authentic, then one can further ask if it is legitimate. If it does not violate any hypernorms, it is legitimate. It then has a higher degree of moral goodness than if it is merely authentic.[14]

In the absence of particular evidence of what hypernorms exist, one might defer to Patricia Werhane's conception of basic rights. Werhane is another business ethics theorist whose work has been used in conjunction with the theories of this article.[15] Donaldson and Dunfee do not explicitly rely upon Werhane's rights, but they can be a helpful resource. That is, one can adapt Werhane's notion that there are certain rights without which life would be intolerable. Basic rights can serve as a beginning point for a discussion of what a hypernorm might be. Consequently one can see ISCT as a combination of "stakeholder" analysis followed by "rights" analysis.

Werhane creates an explicit test for corporations to make ethical decisions. She distinguishes between "basic" rights and "non-basic" (or secondary) rights.[16] Basic rights are those things without which life would be intolerable, including food and shelter, freedom from torture, etc.[17] Without them, life might exist, but it would be intolerable. Other rights may be important, but life would be tolerable without them. Property rights are examples.[18] They are important and should be protected, but people have lived quite tolerably without individual property rights.[19] All corporate rights are property rights, as are other rights to income. They thus are non-basic rights.

In a conflict between basic and non-basic rights, basic rights supercede or "trump" non-basic rights.[20] In a test between rights of equal stature (basic vs basic or non-basic vs non-basic) there is no prevailing right, so one has to go to step two where one attempts to find a compromise that will honor both rights in question.[21] If that cannot be done successfully, one should choose the alternative that leads to the least harm among the participants in the dilemma.[22] That is step three. Step four applies a utilitarian calculation to determine what should be done.[23]

Werhane's theory thus provides an explicit decision making process for one to make a determination of whether a corporate action violates certain rights or at least minimizes violations of rights.

2. *Application in the Class*

The basic tool for the adaptation of social contract in the classroom is the detailed communication of the syllabus. As is the case with many corporate codes of conduct, the syllabus is often consulted when one joins the community (here the class), but by not emphasizing it, one can diminish its significance. Worse, by not committing to a syllabus, the professor can exacerbate the uncertainty of the students concerning the course expectations. Consequently, there are four syllabus elements that ought to be communicated to students: an overview of the course, how grades will be determined, how discussion will be conducted, and due dates for assignments (see Appendix One).

It is one thing for a professor to inform students of what is required of them. It is another thing to have students tell the professor what they require. This is not to suggest that students "run" the class or dictate its content. Unlike the business setting where what the customer "wants" mandates what a company does, students are more closely akin to stakeholders who are affected by the organization – the class – and therefore ought to have some say in its development. In ISCT terminology, the members of the relevant community – the class – ought to be given the right

at least to be informed of the standards by which they will be evaluated, and even better, participate in the development of those standards, at least in part. This does not mean the professor should relinquish authority of the content or evaluation of the class, but it does mean that students can assist in clarifying the ways in which knowledge can be better learned and transmitted.

There are many stakeholders in the education "business", including accrediting organizations, colleagues, deans, alumni, and future employers.[24] All have had an opportunity for input into the organization of the class, except for students. While it would go too far to characterize students as "customers" who can determine what needs ought to be met by the professor, the missing stakeholders in the equation are the students. They are affected by academic action and do have some insights about how they can best learn.

In order to tap that insight, a "TQM" survey can show what things are most important to students as they begin the class (see Appendix Two). This survey is distributed to students on the first day of class and asks them to list the key requirements and expectations they have of the course. This instrument allows students to bring their concerns into the class. It asks students to list their requirements for the professor (such as being energetic, responsive to student's learning needs, available, and prompt about returning assigned work), for the course material (such as being relevant, a resource for later thinking, and manageable in length), for each other (mutual respect, openness, attentive, prepared, and willingness to challenge perspectives), and a final miscellaneous category (such as meeting the ethics requirement for the school!).

The professor then tabulates the results and, at the next class meeting, informs the students of the most central concerns. Students and the professor learn what requirements are most important to the group as a whole. These then become the requirements for the course. This technique has three immediate benefits:

First, the exercise provides very helpful information to the professor about what is important to students. If there are particular things that are helpful to the students, the professor can learn about these early and make adjustments to make sure the class learns in the most effective way.

Second, occasionally a student requirement simply can not be met. Informing students of that fact right away is much appreciated by them and can resolve misunderstandings about the course immediately.

Third, the survey sends an early message about the importance of student involvement to the success of the class. That message is emphasized

by the professor's respect for the students' ideas, as evidenced by using the instrument.

The follow-up to the technique is to appoint a group of four or five randomly selected students to conduct an oral in-class assessment of how well the requirements are being met. The professor can schedule these as frequently as desired, but less than once a month probably defeats the integrity of the student-involvement message. Although these public evaluations can be uncomfortable, the kind of leadership that is willing to be vulnerable for the good of all is exactly the kind of leadership advocated by "stakeholder" and "rights" theories of business ethics. It also promotes community trust. It sends an important and valuable signal to the students about the professor's respect for and commitment to them.

In a very real sense, a social contract has been negotiated. Each class has the "moral free space" to determine, at least in part, the relevant norms for its existence. Particularly if the course is not required, students do have a "right to exit", thereby "authenticating" the contract. Even if the course is required, there is a negotiating process involved. Moreover, the process does not violate any cross-cultural hypernorms, and the professor must assure that none of the requirements do either. If one takes Werhane's Kantian-based right of equal consideration as a hypernorm, for instance, it treats the students as "ends", not as means. The process, therefore, is also "legitimate."

Business students are often initially confused by social contract theory. Its sophistication, however, quickly disappears when students realize that the class has, in fact, implemented much of the theory. They experience how a social contract comes about in an organizational setting, how their consent authenticates it, how each class is different, and how each is entitled to moral free space in specifying its norms. Those norms, moreover, regularly are enforced so as to become a habit, which leads to the integration with the next theory: virtue ethics.

B. *The Virtuous Class*

1. *The Basis of the Theory*

Robert Solomon has argued for an approach to business ethics based on virtue.[25] In this theory, the proper articulation of rules and principles are secondary to the commitment to excellence, including moral excellence. It is by individuals taking personal responsibility on a regular basis, even within their roles as businesspersons, that they develop character which inspires good behavior.[26] Virtue ethics engages the inspirational quest for excellence and the regularization of such behavior in the everyday habits that define a person's character.[27]

Solomon's approach is a preventative approach to ethics. One does not develop character in the midst of crises, but rather in everyday where one cultivates habits of virtuous behavior leading to moral excellence. Ethics is not about resolving dilemmas as much as it is about manifesting ongoing excellence. In this, Solomon uses ethics in a TQM-style way. A major premise of TQM is that quality cannot be assured by end-of-the-line inspection checks or crisis decision-making, but instead requires a rigorous system that builds quality into every step.

Moreover, Solomon argues that business is based on cooperation in addition to competition, so that one can find a series of important virtues in business itself. One does not pursue one particular virtue, but balances a series of them in order to develop moral character that prevents dilemmas. The class readily understands that concept when it sees not only the diversity of values and virtues that are important to people, but also how those values conflict. That knowledge opens an understanding to the meaning of Aristotelian *phronesis.* That is, ethics is more than precise articulation of a rule; it also involves the cultivation of judgment that can discern what rules are appropriate for a particular case.

2. *Application in the Class*
The difficulty of virtue ethics is to determine what is virtuous. Because people are so different, the argument goes, how can one determine what is a virtue and what is not? There are three responses to this problem.

First, on the first day of class, the professor can ask the students to list the virtues, values, or characteristics (they will be fairly imprecise at this point) that they admire and that they would like an organization with which they are affiliated to be guided. The list of nominations likely will be unwieldy. Asking for consolidation of those virtues that overlap forces the students into some increasingly sophisticated distinctions and makes them realize that there is a lot of thinking to be done about the topic. Finally, have the students cast six to eight votes for the virtues they most admire and compile the results. Announce them immediately and prepare them as an overhead for the next class (see Appendix Three).

The results rarely differ. Honesty, sometimes in conjunction with another truth-telling virtue such as promise-keeping, has always won. Accountability, creativity, flexibility, tolerance, profitability, openness, and loyalty also make regular appearances. These then become the virtues of the community that guide the class.

The professor can then refer to the TQM survey, which is a list of the requirements that are important to the students. The TQM survey and the list of virtues produced are not just a list of imposed values and virtues,

but the class's list. In addition to the periodic class assessments of whether the class requirements are being met, the list of virtues can be drawn upon throughout the term to focus discussion on a corporate issue in order to revisit the question of what is meant by listing something as a virtue. Thus, when students read about virtue theory and see virtues such as those named by Solomon, they see an emerging universality and they recognize how the practicing of certain traits leads to an organizational environment – the class – that they admire.

There is a third technique to help students understand virtue ethics and to stimulate their interest in the topic of ethics itself. That is to allow students to identify with someone whom they consider to be virtuous. If students can find such a person, even in the seemingly humdrum of everyday business life, students then have a model of how a person can be ethical in business.

One way to do that, and to engage student commitment to discussion of business ethics issues, is to require the students to write a short paper identifying an instance of moral behavior in business, and then ask them to justify the behavior. This exercise, adapted from a theological ethics course by Professor Stanley Hauerwas, has several purposes. First, it engages students directly by making them reflect on their own experience. Second, it forces them to recognize that there are many good things happening in business. If a student thinks that business is pervasively immoral, it can be a lonely feeling to commit to thinking about business ethics at all. This exercise shows that there is already a "fit" of ethics and business. Third, it provides the instructor with a sense of the level of student thinking. Fourth, the exercise helps build trust. Students become vulnerable by revealing themselves in the paper. The professor must be very careful to assure and maintain confidentiality because many papers may be about a previous employer, particularly in a setting where something "right" happened only after something or someone went "wrong." Fifth, and relatedly, if the professor tells a story of his or her own, it allows the student to identify with the professor because he or she also has become a human being with vulnerabilities. (A copy of this assignment is found at Appendix Four.)

2. ANALYSIS

The integration of ethical theories and pedagogy produce beneficial effects for the classroom experience and for learning the leading theories of business ethics. Although not a precise designation, these two aspects will be characterized as: "Classroom Benefits", by which we mean the benefits for

how a particular class progresses, and "Substantive Benefits", by which we mean the enhancement of understanding about the theoretical content of a business ethics course. For each, there are three major benefits.

A. *Classroom Benefits: Building Community*

The first major benefit to this approach is in addressing the particular fears brought into a class by business students. These fears, indicated in this article's introduction, include uncertainty as to material, what is expected of students, and the invasiveness of dealing with "personal" values. By specifying what will happen in a "contracting" fashion, however, students have a much better grasp of how the course will be conducted, and that knowledge can allay fears. By itself, of course, contracting is not sufficient, because the "contract" could be one which tells students up-front that they will be humiliated in class. But when the class agrees to specific virtues, which to date have not included such humiliating methods of behavior, a series of specific practices become directly relevant to the conduct of the class. Together then, the approaches provide assurances of what norms are prescribed and what kind of classroom conduct is expected.

This benchmark leads directly to the second benefit: the building of trust in the classroom. Two elements of trust are worth noting. Trust requires some degree of discretion; it is not simply obedience to rules.[28] However, rules do provide boundaries of acceptable behavior; therefore, one can rely upon certain behavior being "out-of-bounds."[29] The contracting and virtue process provides discretion for students to develop their own rules, one of which well could be a degree of pedagogical flexibility. For instance, while students like to keep to the syllabus in large degree, they also like to explore the tangents that inevitably arise in a business ethics class. Knowing that they might be able to do so, provided that the tangents are conducted in dialogue according to class virtues, fosters the notion of a community searching for truth.

For instance, in one class, students wanted to go far beyond the assigned dilemma of working out racial discrimination issues in the workplace to discuss the problem in greater scope. Rather than producing harsh conflict, students of all races commented afterward that they had never before been in a situation where such incendiary topics could be discussed rationally. The professor's interpretation was that the students had firmly understood and internalized the values by which the class would be conducted and that both rules and discretion allowed for a genuine search for truth within the community of the classroom.

The approach thus fosters trust by providing both rules and discretion for students and the professor to search for truth. Building trust, of course,

requires a mechanism for constructive criticism. The TQM process utilized in this approach provides a way to do this. In fact, it makes the professor, as well as the course materials and the students, the focus of criticism. If that criticism can be undertaken and acted upon, the increase of trust within the classroom can be enhanced dramatically.

The third classroom benefit is that a clear approach, particularly in the use of the TQM instrument, provides a mechanism for faculty to understand what is and is not working and why. This can be done directly and immediately, rather than through the lens of a post-course evaluation. Moreover, the initial exercises of students specifying virtues and relating a personal story provide the professor with valuable information about what is important to the students. Together, these informational processes allow the professor to better understand the students with whom she or he is working.

B. *Substantive Benefits: Understanding Business Ethics*

The benefits to this process, however, include not only enhancing the conversation that takes place during a course, but also the direct promotion of the learning of business ethics in three ways.

First, it addresses the issue of relativity of values quite promptly. This happens in two ways. One of those ways is in seeing that the virtues and stories important to the class are quite similar within the class, and even to other cultures. While prioritization may be different from class to class and from culture to culture, the recurrence of values such as honesty, cooperation, trust, loyalty, and compassion indicate that values are not as different as students initially may believe. The second way that relativity is addressed is that even if values do vary from culture to culture, the class's virtues provide a touchstone for working out particular dilemmas according to what is important for this particular class. If they are the constitutive members of the organization, they simply cannot say that a decision is personal or that it varies; they must decide what is best for their organization, based on the virtues they have identified.

The second reason that this process enhances learning is that it assists in demonstrating the theories themselves. Students often find theoretical material interesting, but difficult to apply. The processes here demonstrate just how a social contracting process could work and how a virtue-based approach would work. This learning process thus shows students the importance of clear communication and reciprocity as well as the importance of certain virtues in daily business life. Moreover, by utilizing conventional business approaches such as TQM, the process demonstrates the ethical dimensions of a business process like TQM, and also shows how

ethics, like TQM, must be a part of everyday life, rather than the working out of a difficult dilemma.[30]

The result, then, is that the business ethics theories, like stakeholder analysis, basic rights, social contract, and virtue ethics are much clearer. They lose their "status" as inaccessible, abstract, highly theoretical material and become relevant, practical decision-making tools.

The final way in which these processes assist in teaching the material is that, as is always the case, working through the direct application of the theories provides a challenging learning experience for the students and the professor. Students and faculty who seriously work through the application of the material together discover new insights. Thus, the direct engagement of the material works to foster the substantive discussion of business ethics itself.

3. CONCLUSION

We do not wish to suggest that these processes are the only way to teach business ethics or that this approach cannot be improved. The simple but fundamental point is that a serious attempt to apply in the classroom what we teach can yield significant benefits, not only for the particular class so engaged, but also for the substantive understanding of business ethics generally. Both meritorious results make these processes worthy of serious academic and business consideration.

APPENDIX ONE:
THE ETHICS OF CORPORATE MANAGEMENT

ADMINISTRATIVE INFORMATION

Professor: _____

Office: _____

Hours: _____

Phone: _____ (office)

E-mail: _____

The last page of the syllabus contains a TQM survey. Please complete it and return to me by the end of the first class. Also please provide me face cards noting any previous classes you may have had in ethics, philosophy, theology or law.

COURSE DESCRIPTION

This course is designed to provide you with the analytical tools to understand the linkages between moral behavior and business. A student once asked me if the course was an attempt to force him to be "ethical." My reply was that I wasn't sure how I would do that. More directly, the course is not about telling you what values to adopt, but how to analyze moral problems that corporations inevitably face.

The simple fact is that business actions affect people and the environment and those affected respond. Sometimes, those responses fit in well with traditional economic and financial analysis. Sometimes they don't. Particularly in light of the fact that over half the states have adopted "corporate constituency statutes" which at least allow and sometimes require executives to make corporate decisions on the basis of how corporate actions affect nonshareholder constituents (such as employees, suppliers, host communities and the environment) as well as shareholders, a competent executive in the 21rst Century must have a way of dealing with such constituents who may not appreciate a quantitative analysis of issues important to them. Further, the Federal Sentencing Guidelines make it a costly mistake to not integrate ethics into corporate life. There are moral and economic reasons for being a "good corporate citizen" too, but whether or not those reasons are compelling, the fact is that no society has completely allowed business to be compartmentalized. It always has a social interaction. The adage "business is business" is a seductively incomplete account of economic enterprise . . .

ASSIGNMENTS AND GRADING

There are four assignments for the class of varying character. The assignment for Paper #1 is attached to this syllabus. It is designed to be a short, reflective paper on your model of business ethics. It is due January 17 and is worth 10% of your final grade.

The Midterm Exam will be assigned on January 24 and will be due January 31. It is designed to test the moral reasoning process described in the first part of the class. It is worth 25% of your final grade.

The Final Exam topic will be assigned on January 24 so you will have the entire term to consider your answer to it. It is due at the beginning of class on February 21 and is worth 15% of your final grade.

All three assignments must be done individually, although you may discuss the assignments with classmates. The general rule is that you may discuss the assignment until you begin writing. Then, discussion must stop.

The research paper is worth 25% of your final grade. A description of it is attached to the syllabus. You may work in groups of up to three in writing it. It is due February 14.

In the event of borderline grades, I will look most closely at the research paper and class participation.

The remaining 25% of your grade will come from your attendance and participation. I expect attendance in class and for materials to be prepared in advance. I also expect participation in the class. Do not refrain from participating if English is not your native language. In my experience, many of the best discussions come from cross-cultural comparisons of ethical perspectives. If the language is difficult, it is the responsibility of the class to listen more closely. If the class does not, it will answer to me.

It is not likely that I will attempt to embarrass an unprepared student talking in class, but I will note the conduct (as I will note other conduct not conducive to community dialogue) and consider it in calculating this grade.

I do understand that students have class conflicts such as interviewing, but you need to be aware that I cannot give you credit for participating in class if you are not present.

I will grade according to the School's guidelines for MBA courses.

A FURTHER NOTE ON CLASS DISCUSSION

As you will quickly discover, discussions about ethics can become very personal and passionate. That is so because we touch upon nothing less than what life means to people.

Given this dimension, the class needs to remember certain "rules of engagement." I have adapted the following "Rules For Moral Debate" from the writings of David Tracy, an eminent theologian from the University of Chicago.

RULES FOR MORAL DEBATE (TRACY)

1. State your position as accurately as possible.
2. Listen to and respect the other, however different or however "other."
3. Be willing to correct or defend your opinion if challenged by your conversation part-ner. (Changing one's mind is not weakness. At the same time, stating your position more loudly when someone else disagrees with you is not the sign of a stronger argument!)
4. Be prepared to endure conflict and ambiguity.

These are very common sense notions of dialogue, but they bear remembering as we go through the course. That is true simply as a matter of courtesy, but also because I can fairly confidently predict that during this course, you will 1) hear a position presented by another person that you think no sensible human being could possibly support and 2) say something that you yourself can scarcely believe you've said sometime after you've said it. These two predictions apply to me as well as to you.

APPENDIX TWO:
STUDENT/STAKEHOLDER EXPECTATIONS

Higher learning is an active, interactive process that results in meaningful, long-lasting changes in knowledge, understanding, behavior, dispositions, appreciation, belief, and the like.

Thomas A. Angelo, AAHE Bulletin, April 1993

It is my intent to try to facilitate higher learning. Most courses seek information after the course has been completed as part of the evaluation process. However, this does not help the students currently enrolled in the course. Therefore, we need to establish your expec-tations/requirements currently and periodically to see if they are being met throughout the course as well as at the conclusion of the course.

You are one of the stakeholder groups whose requirements and expectations must be met. The other groups, such as employers, other professors and the accrediting agency have made their requirements known. These are partially reflected in the materials and topic coverage described in the syllabus. What remains to be communicated are your

requirements/expectations for this learning process. To stimulate your thoughts and ideas, I have a basic framework in which you can capture your requirements.

   I. Requirements of the Professor
 II. Requirements of your Fellow Students
III. Requirements of the Material
IV. Requirements of Yourself
 V. Requirements – Others

APPENDIX THREE:
A SAMPLE OF CLASS VIRTUES

Truthfulness/Honesty
Loyalty
Openness/Tolerance
Creativity
Hard Working/Diligence
Accountability
Profitability
Cooperativeness/Teamwork

APPENDIX FOUR:
ASSIGNMENT FOR PAPER #1

Tell me about a business action that someone you personally know did that you thought was ethical and then tell me why it was ethical. To complete the assignment, you must address two parts:

1) What happened? You need not describe the event in substantial detail. You may assume that I am reasonably knowledgeable about most areas of business. At the same time, you also need to include enough information so I can understand the nature of the action. Usually, this part will not exceed one-half of one single-spaced page, although it may extend further if necessary.
2) Why do you think the event or action was ethical? That begs three questions:

    a) What is your definition of good? You should not simply assume that everyone agrees with your idea of the good. So your idea can be evaluated, you must define your notion of the good and articulate it to another person (me). Feel free to draw upon your own experiences, religion or study of philosophy in defining the good.
    b) What is a strong objection to your vision of the good? Why would someone reject your theory. Do not set up a "straw man" here. Really think of a strong objection to your idea of the good.
    c) Why is your theory still compelling?

The paper need not be more than two single-spaced pages, although, if necessary, it can be longer. It is due at the beginning of class, January 17.

One of the purposes of this paper is to show you that there are a great number of ethical things happening in business so that a person interested in being ethical is "not alone." Occasionally, I have had students who indicate never having seen an ethical act in business. If you have that reaction, I encourage you to think through the matter again because I think you will be able to come up with something. If you simply cannot, let me know and we will talk. Another purpose of the paper is to really try to identify what the good is. That's rarely done by most people and it is difficult for any constructive discussion of business ethics to occur without this.

Pick your story carefully. You will have an opportunity to revisit it in the course.

Your papers are confidential. I do not share your stories without your permission and I do not make copies. If your topic is sensitive, however, feel free to disguise the identity of parties involved.

As an example, let me tell you the story I presented during my freshman year of college when I received a nonbusiness variation of the assignment.

My father has been an attorney in a very small town (population 800) since 1949. When I was in high school, his secretary looked out onto the street on a bitterly cold day (wind-chill more than forty degrees below zero) at the end of the workday to see a late middle-aged man wandering the streets without a coat. The man's parents, with whom he lived, had very recently passed away and he was now living alone. The man had done very little business with my father's law firm. (In fact, none of this occurred as part of my father's "business" in the sense that it all happened outside of any kind of attorney-client relationship, which is why I can discuss it without violating confidentiality concerns.) Dad's secretary brought him over to the office and my father, after calling my mother, brought him out to the house for dinner.

The man was simply very depressed and frightened. He stayed overnight with us, never even looking at my mother or me. He was afraid to return to his house because he thought that someone had moved in and would kill him if he went back.

The next day, my father took him back to his house with an unloaded (unknown to our guest) pistol. Together they searched every room of the house and its outlying buildings (the house was located on a farm). Finally, convinced that it was safe, the man agreed to stay at his home.

My father knew that the man had no one to talk to, so he decided to make sure the man knew that someone was interested in him and cared about him. Therefore, he called the man each morning to make sure he was OK and to chat. That went on, every morning, for five years. Gradually, the man reintegrated himself into the community and had a quite happy life.

This story is only an example. Of course, this is just the "story part." In fact, when I received the assignment back, my professor had scrawled "what's so good about that!" across the bottom of the last page of my paper. That response stunned me, because I thought it was self-evident of what was so good about my story. But you should anticipate the same question. Beyond the emotion, which is itself important, why is the action good? In addition to telling the story, tell me what is good about your story. I want you to recognize what an inspiring story looks like, be able to personally identify with the story, and be able to describe why it is inspiring to you. It is the last part that becomes the hardest part. The course material will illustrate how scholars have provided justifications and rationalizations for ethical behavior.

NOTES

1. *See* Frances E. Zollers & Timothy L. Fort, *Total Quality Management in the Classroom*, 14 J. Legal Stud. Educ. 1 (1996) for an application of the quality practices to law courses; and Timothy L. Fort, Instructors Manual for Thomas Donaldson & Patricia Werhane's Ethics Issues in Business: A Philosophical Approach (1996) for the application of some of these ideas to a specific textbook.

2. For a view of students' and administrators' rather poor assessment of business ethics courses, see Denis Collins & Steven Wartick, *Business and Society/Business Ethics Courses: Twenty Years at the Crossroads*, 34 BUS. & SOCIETY 51 (1995).

3. LaRue Tone Hosmer, *Why Be Moral?: A Different Rationale for Managers* 4 Bus. Ethics Quart. 191, 198 (1994).

4. Thomas Donaldson, Corporations & Morality (1982).

5. Thomas W. Dunfee, *Business Ethics and Extant Social Contracts*, 1 Bus. Ethics Quart. 23 (1991).

6. Michael Keeley, A Social Contract Theory of Organizations (1988).

7. John Rawls, A Theory of Justice (1970).

8. This has applications in law as well. Lon Fuller made much the same argument in natural law terms in The Morality of Law (1960).

9. Thomas Donaldson & Thomas W. Dunfee, *Toward a Unified Conception of Business Ethics: Integrative Social Contracts Theory*, 19 Acad. Mgmt. Rev. 252, 265 (1994).

10. One of the authors of this article has taught the course through the following theoretical sequence: basic rights, stakeholder, social contract, and virtue theory. Basic rights and stakeholder theories, as will be argued, form a helpful way of describing ISCT. For purposes of brevity and because the sophistication of this journal's readership would likely find it tedious for the step-by-step building of each theory, these three theories will be integrated through the lens of ISCT.

11. Donaldson & Dunfee, *supra.* note 8, at 262–263.

12. *Id.* at 265–266.

13. *Id.*

14. *Id.*

15. Patricia H. Werhane, Persons, Rights & Corporations (1985).

16. *Id.* at 4–27.

17. *Id.* at 16–20.

18. *Id.* at 20–21.

19. *Id.*

20. *Id.* at 72–73.

21. *Id.*

22. *Id.* at 73.

23. *Id.* at 73–74.

24. Zollers & Fort, *supra* note 1.

25. Robert Solomon, Ethics and Excellence (1992).

26. *See* Stanley Hauerwas, The Peaceable Kingdom: A Primer in Christian Ethics (1983).

27. *Id*.

28. Daryl Koehn, *Should We Trust in Trust?* 34 Am. Bus. L.J. 183 (1997).

29. Timothy L. Fort, *Trust and Law's Facilitating Role*, 34 Am. Bus. L.J. 205(1997).
30. Timothy L. Fort, *The Spirituality of Solidarity and Total Quality* Management, 14 Bus.
    & Prof. Ethics J. 3 (1995).

School of Business Administration
University of Michigan
701 Tapan St. 3203B
Ann Arbor
MI 48109-1234
USA

and

School of Management
Syracuse University
Syracuse, NY 13244
USA